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**Redevelopment Authority Minutes
Meeting of March 17, 2010**

City Hall, Council Chambers

7:30 AM

Members Present: Messrs. Green, Halloin, Barr, Kemp, Huggins, Ms. Wildenberg

Staff present: Messrs. Schatz, Johnathan, Nick, Mrses. Noland, Casteen, Graffeo

1. Call to order

At 7:30 AM, Mr. Barr called the meeting to order.

2. Minutes

The minutes from the February 17, 2010 meeting were approved on a motion by Ms. Wildenberg, and seconded by Mr. Halloin.

3. Financial Statements

Ms. Casteen presented the financial statements for February. February ended with \$30 in operating expenses for postage and office supplies. Capital expenses for the West Bank Redevelopment district totaled \$1,356.69 for asbestos studies on the buildings to be torn down. Mr. Green motioned to approve the financial statements. Ms. Wildenberg seconded, and the motion was approved.

4. Discussion of Community Development Block Grant Funds

Mr. Keith Johnathan attended the meeting to provide the board clarification on the use of Community Development Block Grant funds (CDBG funds).

EC is an entitlement community, and as such, CDBG funds come to the city through the federal HUD, based on the population, as opposed to state funding. Five or six years ago the City of Eau Claire received over a million dollars in CDBG funds. We are currently being allocated \$640,000 per year. Every year the City of Eau Claire does a plan, and accepts applications for allocation of the CDBG funds, and prepares a plan. The fiscal year for these funds is set to start August 1.

There are three categories under which a project can be considered for the use of CDBG funds. They are low- to moderate-income, blight removal, or urgent need. CDBG funds can be awarded to private or public applicants providing the proposed project meets the funding criteria. Examples for the use of funds can be acquisition of property, relocation and demolition, code enforcement, public services, administration and planning, housing rehabilitation, or economic development.

There is no standing allocation to the RDA of CDBG funds. Funds are allocated only upon application and approval.

In reference to the use of CDBG funds for the West Bank Redevelopment plan, the application currently lists the use for slum or blight removal. With this purpose in mind, the CDBG funds can be used, but the area must be left as green space. If the property is further developed, the CDBG funds have to be repaid.

This was the issue the RDA ran into with the S Barstow project. CDBG funds were used in the acquisition of property before a final plan for the property was in place. So when the land was developed, the CDBG funds had to be repaid. If the S Barstow project had included plans for low- to moderate-income housing, it would have limited the amount repaid to the CDBG fund. However, this was avoided to eliminate the risk of it becoming tax-exempt, as current Economic Development policy states that funding go to projects that increase the tax base.

If the West Bank Redevelopment were to include a mixed-use building with the inclusion of low- to moderate-income housing, the project could theoretically be re-categorized, and funds would not have to be repaid. If low- to moderate-income housing is considered in this redevelopment plan, steps should be taken to avoid the project becoming tax-exempt. The RDA could consider implementing a pilot program in the area to accomplish that goal. Currently, the plan is to purchase properties along the riverfront with CDBG funds and leave it as green space in the form of a park.

Anytime that repayment of CDBG funding is done, it is at the current value of the land. So if the value of the land increases, the higher rate is used for repayment. Repaid money is put back into the City of Eau Claire's CDBG fund, and it is not repaid to HUD. However, if CDBG funds are not spent in accordance to the timeline set by HUD they become subject to penalties or repayment requirements.

CDBG funds have been successfully used in mixed-use projects in areas like Sheboygan. Mr. Johnathan will gather information on those projects for the RDA to review.

5. Request to make repairs to a building at 28D Maple Street.

Charles Gables addressed the RDA in regard to the two letters previously sent. In the letters, Mr. Gables notes that there are erosion issues on his property that resulted when the city put a storm drain into the river. He now believes these issues will resolve themselves. In the letters, Mr. Gable outlines his plans to build a two-story building on the property to proceed with energy work. This energy work includes flexible solar panels and strings of LED lighting. The LED lighting can be used in conjunction with the flexible solar panels that would allow institutions, such as schools, to eliminate lighting expenses. Some of the materials used in production of these products were to come from Mexico. In addition, the testing of the systems would take place in Mexican schools. These plans are now on hold due to the increased gang and drug-related violence that Mexico continues to experience.

The company will be continuing its work on solar thermal heating systems.

Mr. Halloin requested clarification of Mr. Gables' position that if the RDA is going to purchase the property, that Mr. Gable would like the process to proceed quickly. Mr. Gable responded that however the property ends up used, the area on his property is, in his opinion, the last of the pretty,

usable space. He would like that area to be left as green space, and if the RDA does not have plans for the property that he should be informed so that he can start plans for the redevelopment of his property. The RDA should be advised that his plans for redevelopment would be done with profitability as the goal.

6. Closed Session.

Motion to move to a closed session was made by Mr. Green, seconded by Mr. Halloin. The motion carried.

Ms. Wildenberg recused herself from the discussion at 8:08 am, and rejoined discussion at 8:32 am.

Mr. Kemp arrived at the meeting at 8:30 am.

Mr. Green motioned to end the closed session. Mr. Huggins seconded the motion, and the motion carried.

7. Motion to allow repairs at 28 Maple Street.

Staff is directed to communicate with Mr. Gables in regards to the repairs of his property, as they do not require RDA approval. Mr. Huggins noted for the record that no motion is required by the RDA for the repairs.

8. Announcements, Directions, and Correspondence.

Mr. Schatz presented the RDA with photos of the damage to the roof of the 2 S Barstow building. Because of a major leak in the roof, a company was hired to create an access port to the roof and install a temporary patch to stop the leaking. In the past, access to the roof was done by using the roof of a neighboring building. The owner of that building is no longer allowing access as that building had a new roof installed. The owner of that neighboring building has raised concerns that the water damage incurred to his property was caused by the leak of the roof in the 2 S Barstow building. That matter is being looked into and handled by the City's Risk Management and insurance adjuster.

Baker Tilly has sent a letter to the RDA. They are the firm conducting the audit for the city, which includes an audit of the RDA. Ms. Noland stated that the letter is just for general information about the audit process, and was sent accordance to required procedure.

9. Adjournment.

The next RDA meeting will be held on Wednesday, April 21, 2010. This meeting adjourned at 8:47 AM.

Jeff Halloin, Secretary